Food and Agriculture Organization of the United Nations

Support to MSMEs

FAO-EU FLEGT PROGRAMME
Success story

Guatemala: Supporting carpenters to purchase and use legal timber

Key facts

Through support from the FAO-EU Forest Law Enforcement, Governance and Trade (FLEGT) Programme, the Organization Asociación Balam has connected local carpenters to legal timber producers in the northern Guatemalan department of Petén by building and strengthening cooperatives.

FAO's partners also provided dedicated trainings to Municipal Government officials on good forest governance to reduce the rate of illegal logging and oversight of forest management plans.

Building and strengthening cooperatives producers and buyers, and improving overall forest governance, has significant impacts on livelihoods and the overall sustainability of Guatemala's timber industry.

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Guatemala has vast forest resources, with forests covering approximately 4.04 million hectares of its landmass (INAB, 2012). A large share of Guatemala's timber harvesting takes place in the northern department of Petén, where the forests are renowned for their high biodiversity value. In particular, these forests contain some 300 species of trees, of which 50 are harvested (INAB, 2012). However, most of what ends up on the market are raw materials, without added economic value. This represents missed opportunities, both in economic terms and for employment. Without added economic value, the legal timber market struggles to compete with the illegal timber demand. Many buyers, such as carpenters, are subsequently left unable to access adequate amounts of legal timber produced in the country and are often left with no choice but to purchase illegally harvested timber.

Creating incentives for legal timber trade by linking buyers and producers

Recognizing the challenges faced by carpenters and other micro, small and medium enterprises (MSMEs) in the wood industry, Asociación Balam, with support from the FAO-EU FLEGT Programme, worked to increase access to legal timber in Petén. Asociación Balam supported and strengthened Bosque y Vida, a cooperative comprising of 32 members.

Bosque y Vida was able to sign an agreement with another cooperative in Petén, *Cooperativa Carmelita*, which manages a forest concession producing legally harvested timber. As a result, a timber depot was established, enabling local carpenters to purchase legal timber. Carpenters receive tax benefits by purchasing timber through cooperatives, making the price of legal timber competitive with that of illegal timber.

SHOUT
SHARE
IT

Cooperativa Carmelita provides wood on consignment and has facilitated further trainings for the carpenters from Bosque y Vida on the classification, cubage and storage of wood, as well as building skills on marketing and sales. "Through the partnership between *Bosque y Vida and Cooperativa Carmelita*, I can now buy legal timber for the first time. The tax incentives have made it cheaper and more sustainable for us to use legal timber for our products', reported one member of *Bosque y Vida*.

Building the capacity of government officials to manage forests more sustainably

In parallel, *Asociación Balam* delivered trainings to Municipal Forest officials in collaboration with the Municipality of Poptún, Petén and the National Institute of Forests (Instituto Nacional de Bosques, INAB). The trainings focussed on the delivery of licences for household harvesting permits, and how to better support the development of forest management plans, including through tax incentives. Based on figures provided by INAB, the area under forest management plans in Poptún, Petén increased from 13 891.58 hectares to 16509.41 hectares as a result of the trainings.

By creating these forest management plans and increasing the number of household harvesting permits, these forest governance processes contribute to sustainable forest management, and to improving the supply of legal timber to local MSMEs.

> The most significant impacts of the project are the improved coordination between actors of the forestry sector within the forestry commission of the Interinstitutional Table for Land and Environment (MITA) and the establishment of legal timber supply to MSMEs in Petén - said Project Technical Coordinator, Daniel Herrera Trujillo.

Extending expertise to new regions

Since completing the project, carpenters and small producers in other regions of Guatemala have contacted Asociación Balam to express interest in replicating the process. Many of these MSMEs are currently informal and, inspired by the success of the project in Petén, believe that organizational strengthening and formalization will increase market opportunities and productivity. Based on this, *Asociación Balam* has developed a strategy with *Bosque y Vida* to identify new partnerships to transform and commercialize legal timber. By sharing their experiences and learning with other groups in the region, they will encourage sustainable practices across the timber supply chain. The Guatemalan government recognizes the immense socio-economic value of forests and how important it is to protect them to contribute to sustainable livelihoods. Ensuring that authorities are well equipped to assist MSMEs in complying with legality requirements is a significant step in this direction.

The FAO-EU FLEGT Programme works with a range of partners to help implement the European Union's FLEGT Action Plan to combat illegal logging and associated trade. Since 2016, has supported projects in 26 priority tropical timber producing countries throughout Africa, Latin America and Asia. In Guatemala, the Programme has funded 13 projects, committing over USD 850 000, with a focus on institutional strengthening, increasing stakeholder participation, and the development of legal forestry activities.

Worked to

link buyers and producers of legal timber and improve forest governance.

Worked for

Micro, Small and Medium Enterprises, government bodies.

Worked with

Asociación Balam, Bosque y Vida Cooperative of Carpenters, Carmelita Cooperative, the National Institute of Cooperatives, the National Institute of Forests, the Municipality of Poptún, the Commonwealth of Municipalities of Southern Petén, National Council of Protected Areas, Ministry of Economics, and the Ministry of Agriculture, Livestock and Food.

Worked thanks to

the Foreign, Commonwealth, and Development Office of the United Kingdom (FCDO), European Union (EU), Swedish International Development Cooperation Agency (SIDA).

Related links

https://asociacionbalam.org.gt/
http://www.fao.org/guatemala/fao-en-guatemala/en/
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